

Some Components of Tax Reform

Over 60 bills have been submitted to the Legislature this session that in one way or another address the crush of the property tax burden, and over a dozen bills have been submitted that either call for or actually deliver comprehensive tax reform. There are so many bills on the subject, the Taxation Committee is holding marathon public hearings on clusters of bills that are grouped according to certain categories.

On Friday last week, the Committee held a public hearing on eight bills that address either the Business Equipment Tax Reimbursement program (BETR) or the underlying taxation of personal property, or both.

On Tuesday this week, the Committee took testimony on a raft of bills that provided for some sort of local option taxation, and a couple of bills that in different ways addressed the problem of tax exempt property by either creating some coherent standards of eligibility to be exempt from taxation or establishing an authority to assess a service fee for municipal services directly provided.

And on Wednesday this week, the Committee took up eleven separate bills that provided special tax breaks to elderly or long-term Maine residents.

With this volume of legislation, it doesn't make sense to provide testimony on the individual bills, and MMA has begun to testify on the issue at the center of each cluster of bills as that central issue relates to comprehensive tax reform. While some might wait impatiently for the Committee to take care of its regular business so it can get to tax reform, it is becoming apparent

that the tax reform effort is in progress even while the Committee is trying to clear the decks.

BETR and Personal Property. Of the 8 bills the Committee took up last Friday, two proposals would create a "local option" system under which the state would stop making BETR reimbursements to businesses (but the municipalities could provide the reimbursements if they wanted to) or the state would repeal the personal prop-

erty tax (but the municipalities could choose to reinstate it on a town-by-town basis). Two bills would eliminate the BETR-TIF "double dip", and two would phase out the personal property tax altogether. One of the bills would repeal BETR reimbursements and one would create a BETR reimbursement "claw back" in response to reductions in work force.

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Tax Committee Reports Out Bill on Foreclosure Process

Two bills were presented to the Taxation Committee this year that would require a municipality to return to the former owner of tax acquired property any proceeds of the sale of that acquired property that exceed the back taxes, interests and costs.

The two bills were: LD 251, *An Act Concerning Tax-acquired Property*, sponsored by Rep. Kevin Glynn (South Portland); and LD 937, *An Act To Require the Net Proceeds from the Sale of a Foreclosed Property To Be Returned to the Former Owner*, sponsored by Rep. Joanne Twomey (Biddeford).

The separate public hearings on the bills were reported in the February 21 and March 21, 2003 editions of the *Legislative Bulletin*. In summary, Rep. Kevin Glynn harshly criticized municipal officials generally for abusing taxpayers through the tax lien foreclosure process in order to "profit" from foreclosure. At the second public hear-

ing, Rep. Twomey directed her concerns at the City of Biddeford, which she characterized as inappropriately selling a tax acquired 3-unit apartment building belonging to Dorothy LaFortune and retaining the proceeds. Ms. LaFortune also testified in support of the legislation, leveling various charges against the City. At the work session, Rep. Twomey expanded her testimony to suggest the practice of municipal profiteering through foreclosure was expanding.

At the public hearing, selectmen, town managers, tax collectors and municipal treasurers from all corners of the state forcefully disputed the allegations of Reps. Glynn and Twomey, explaining the steps they go through and the care they take to keep people in their homes while negotiating equitable settlements to satisfy the public

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TAX REFORM (cont'd)

Several groups testified in support of eliminating the BETR-TIF “double-dip”, a cleverly pejorative phrase that describes the state’s reimbursement to a business for the personal property taxes the business pays to a municipality under the BETR program when the municipality is also contributing back the business’ property tax payment under the Tax Increment Financing program to finance a business expansion.

The business lobby testified in opposition to all the bills but in general support of phasing out the personal property tax, which was described as “the villian tax”, using State Economist Laurie LaChance’s turn of the phrase. The Maine State Chamber of Commerce characterized the business interest in phasing out the personal property tax as a concession and a sacrifice because without the personal property tax, the ability to receive both BETR and TIF reimbursements on the same tax payment would be eliminated.

MMA submitted to the Committee its own studies on the use of personal property taxation in other states and urged the Legislature to contribute to that fact-finding effort. Despite the claims that are often tossed around by some legislators and careless media, most states actually employ a personal property tax. Personal property assessments in the other states are typically either at or above residential property assessments, and several states define business machinery and equipment as real estate, affording them the opportunity to advertise their lack of “personal

property” taxation.

MMA also testified that as a matter of principle, the comprehensive tax reform effort should not result in an elimination of the personal property tax and further erosion of the municipal tax base if that new exemption and tax-base narrowing results in a shift in tax burden to Maine residents either within the affected municipalities or statewide. 10% of Maine’s statewide property tax base is personal property, and that percentage climbs as high as 70% of the tax base in some communities.

Finally, MMA pointed out that extensive holdings of personal property need to be served and protected by municipal services in the same way as real estate, and to completely exempt that property from taxation is hard to justify as a matter of public policy.

Local Option Taxation. On Tuesday this week, the Committee took testimony on four bills that would provide municipal authority to levy a local option sales tax for either general or limited purposes. A fifth bill would allow a municipality to retain automatically some of the sales tax revenue that is generated by local retail activity.

Orlando Delogue, a Portland resident and professor at the University of Maine School of Law gave ample testimony in favor of local option taxation; a parade of business interests spoke against the policy. The debate triggered a fairly sharp philosophical polarization between the legislators from the “service center” communities and their more rural colleagues.

The service center perspective holds that higher property tax rates in Maine’s urban municipalities are a function of providing public service responsibilities to satisfy the needs of a much wider region, and a string of tax and revenue redistribution policies that are based on an outdated premise that the cities are the hub of wealth. Therefore, a local option tax is warranted. The other side of the debate holds that the higher commercial and industrial value of the urban areas is generally undemanding with respect to expensive educational services and effectively feeds the higher property tax

rates by supporting a higher level of local services than is available elsewhere.

On previous legislation that involved a local option approach, MMA testified that the goal of comprehensive tax reform should be to create a tax code so finely attuned to the financial capacities and service demands of the separate regions and communities of the state that there would be no need for local option taxation, and the most elegant alternative to local option taxation is a well designed municipal revenue sharing system that relieves municipalities proportionately to their property tax distress. The municipalities believe that “Revenue Sharing II”, which was policy enacted in 2000 but has yet to be truly actualized, is the public policy that could accomplish that purpose.

Tax Exempt Property. Also on Tuesday the Committee took public testimony on two bills that would address the problem of tax exempt property and the hole it creates in the property tax base, particularly in the communities where exempt governmental, charitable and “literary and scientific” property is concentrated.

LD 855, *An Act to Establish Minimum Standards of Eligibility for the Property Tax Exemption for Benevolent and Charitable Institutions* (sponsored by Rep. Phil Cressey of Baldwin), would import into Maine law just one of several “community benefit” standards of eligibility for the charitable exemption that are provided in Pennsylvania law. Pennsylvania has five mandatory standards of eligibility to obtain the charitable exemption, three of which don’t exist in Maine law. Those three standards are: (1) the institution must “donate or render gratuitously a substantial portion of its services; (2) the institution must “benefit a substantial and indefinite class of persons who are the legitimate subjects of charity”; and (3) the institution must “relieve the government of some of its burden”. Each of those standards is implemented in Pennsylvania law with quantifying standards that serve to measure the charity of the charitable organization.

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Legislative Bulletin

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Aquaculture and Harbor Management

On Wednesday, April 9, the Marine Resources Committee heard over 5 hours of testimony on several bills dealing with aquaculture. The bills can be divided into three general categories: (1) The visual impact of aquaculture facilities, (2) the authority over moorings, and (3) establishing a task force to study the issue. There were 2 bills in each of these areas. MMA supported one and opposed one each.

Task Force. The proposals to create a task force were the least controversial of the group, however they did cause some disagreement. LD 1088 would establish a narrowly focused task force to study the siting issue. LD 1519's task force, proposed by Governor Baldacci, would be charged with looking at the issue of aquaculture more broadly. Each task force would have 11 members and would give the Department of Marine Resources (DMR) a central role.

For municipal officials, the key difference between the two is that LD 1088 guaranteed municipalities at least one seat on the task force, the Governor's bill does not. In fact, LD 1088 specified the background of each of its 11 members. The governor's bill left the decision making over the composition of the task force with the Governor. At the hearing, DMR offered its support to the Governor's bill. The Department indicated that the Governor's task force would have a more technical bent that would study marine issues and would exclude those "stakeholders" who are in the fray.

This proposal was generally supported by the aquaculture workers, at least 60 of whom attended the hearing at the Civic Center, but it was met with great skepticism by some members of the Committee and the audi-

ence. It was pointed out that since DMR would be included in the task force and that it is not above the fray, others should not be excluded for that reason. Many environmental activists testified that some of the science on aquaculture establishes that it is harmful to the environment (e.g., oxygen depletion) and there is suspicion that science would be excluded from the LD 1519 committee.

MMA testified in favor of 1088 and against 1519 along these same grounds. Whichever task force is established, municipal representation is a must due because of the significant impacts these facilities have on the host communities. MMA requested that municipal representation should be greater than 1 seat due to the very diverse nature of the coastal communities that are impacted. This point hopefully made sense to the members of the Marine Resources Committee, who are themselves from very different coastal communities.

Mooring Authority. Two bills with opposite positions waded into the issue of who should have authority over moorings. LD 648 would clarify and reaffirm the authority of local harbor masters to site moorings in their communities. As originally filed, LD 1417, which is a sweeping bill proposed by the DMR, would preempt local authority and grant it to the DMR. At the hearing, DMR offered an amended version of LD 1417 which removed this provision (as well as several others that concern municipal participation in the lease approval process). Accordingly, there was no proposal before the committee that would strip harbor masters of the power they currently have.

However, DMR opposed LD 648 and wants facility siting authority to

be one of the issues for the task force that may be established. Many members of the industry also opposed LD 648 alleging that the mooring issues are merely an excuse to drive out aquaculture. A half dozen harbor masters attended the hearing.

Visual Impact. This issue caused the greatest grief on both sides. LD 272 would require the DMR to make an aesthetic assessment and a property value impact assessment during its lease review process. The bill does not clarify how to make an aesthetic impact assessment. Furthermore, there is no mandated denial of the lease if the assessment determines that there is a negative aesthetic impact. LD 1001 is more concrete because it specifies that DMR must establish visual impact standards. It more clearly identifies what aesthetic criteria must be reviewed (light, noise, vibration, etc.), the standard of review (unreasonable impact), and that a lease must be denied if the facility is found to violate these standards.

While the attendees and committee members seemed to agree that LD 272 is a more flawed bill than LD 1001, the battle line was clearly drawn at whether a visual impact analysis is appropriate at all. DMR and the industry again opposed the standard and community representatives, an inn owner, and environmental groups supported the measure. MMA's Legislative Policy Committee opposed 272 and supported 1001, and testimony was given on those grounds. The basic municipal objection to LD 272 is that since the standard is so loose, it gives the DMR too much discretion. Furthermore, most local officials wouldn't want the obligation to make a vague and undefined "aesthetic" assessment themselves. However, the need and local support for some type of visual impact analysis is strong and LD 1001 presents a good framework to accomplish that goal. A proposal should be adopted that specifies: (1) the types of impact, (2) the standard to be met, and (3) the consequence of failing to meet the standards.

Financial Responsibility Over State Roads Questioned

On Tuesday of this week, the Transportation Committee held a public hearing on LD 832, *An Act Clarifying State Financial Responsibility Over State and State Aid Highways*, sponsored by Rep. Robert Crosthwaite (Ellsworth). The printed bill was overbroad and went beyond the sponsor's intent, but at the public hearing Rep. Crosthwaite offered an amendment that focuses the bill on its essential purpose. As amended by the sponsor, LD 832 would require the state to fund the entire cost of improvements to state arterial and major collector roads, unless the local legislative body voted to financially participate in the project. The reason for the legislation is this:

For several years, the Department of Transportation (DOT) has required Maine's larger communities to contribute up to 15% of the cost of principal arterial, minor arterial and major collector road construction projects. Although this practice has been in existence for nearly twenty years, there is no statute, rule, internal departmental policy or memorandum that requires any community to financially participate in a state or state aid highway road improvement project. The match requirement was essentially imposed by DOT in the mid-1980s because of a Highway Fund budget shortfall that left DOT with inadequate funds to match available federal revenues. As an emergency measure DOT invited urban municipalities to contribute local dollars for state arterial and major collector road construction projects in order to draw down the federal funds. Although the case could be made that the use of the match requirement was a "one-time, emergency" measure, DOT continues to require the local match.

MMA testified in support of the amended version of LD 832 because it clarifies the existing partnership relationship between Maine's larger communities and the state. Municipal officials believe that the amended ver-

sion of the bill will address many of the controversies that exist between the urban communities that are "required" and the rural communities that are not required to financially participate in the state road construction projects. LD 832 would address the issue by clearly stating that the local property taxpayers in no community will be required to financially participate in State of Maine road construction projects unless the local legislative body authorizes the participation.

DOT provided testimony in opposition to the bill because the shift of construction responsibilities from municipalities to the state would place a significant financial burden on the state. According to the Department, if LD 832 were enacted as amended, total state highway construction revenue would drop by \$5 million annually.

Testifying on behalf of the Maine Better Transportation Association (MBTA) and the Maine Service Centers Coalition (MSCC), former Transportation Commissioner John Melrose provided comments neither for nor against the bill. Melrose stated that the two organizations could not support the bill as printed because of the fiscal impact the proposal would have on the Department's resources. He stated however, that both MBTA and MSCC were interested in addressing the issue raised by Rep. Crosthwaite and made mention of a related bill, LD 1392, sponsored by Rep. Arthur Lerman (Augusta). Melrose suggested that the work session on LD 832 be postponed until the Transportation Committee had held its public hearing on Rep. Lerman's bill, and then work both of the bills together.

LD 1392, *An Act to Reform Highway Reconstruction Project Cost-sharing*, proposes to bring "equity" to the Department's current practice of requiring some communities and not others to financial participate in state construction projects by creating a high-

way project cost-sharing program that would affect all municipalities with state highway construction projects and reduced speed limit areas. The bill would codify the existing DOT practice of requiring local cost-sharing support, but rather than make the urban communities solely responsible for investing in state projects, LD 1392 would require most communities to financially participate in state arterial and major collector road projects.

As crafted, the cost-sharing program would require a municipal match based on the posted speed limit on the stretch of state or state aid highway being reconstructed. The match requirement of the municipality where the highway is located would be: 2.5% of the project cost on those lengths of state highway with a posted speed between 40 and 45 mph; 5% on those lengths of highway with a posted speed between 35 and 40 mph; 7.5% on those lengths of highway with a posted speed between 30 and 35 mph; and 10% on those lengths of highway with a posted speed less than 30 mph. The maximum municipal match would be capped at one mill of the municipality's state valuation.

MMA's Legislative Policy Committee will be taking a position on LD 1392 at its April 17th meeting. Coincidentally, the public hearing on that bill has been schedule for Thursday, April 17th.

Junkyards

After holding a public hearing on the issue last week, the Natural Resources Committee picked up the issue of junkyards this week in its work session on LD 1367, *An Act to Amend the laws Regarding Junkyards, Automobile Graveyards and Automobile Recycling Businesses* (sponsored by Rep. Deb Hutton of Bowdoinham). LD 1367 was developed in collaboration among the Department of Environmental Protection (DEP), MMA and a working group of local officials. With some minor amendments, the bill was recom-

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JUNKYARDS (cont'd)

mended as “ought to pass” by the Committee on April 10.

The bill is sweeping and attempts to improve the process from beginning to end. Some of the bill’s highlights are: (i) it tightens up the current statutory definitions of automobile graveyards, (ii) it requires the Secretary of State to notify local officials of any licensed auto parts sales dealers in their communities, which should include any junkyard that sells auto parts, (iii) it strengthens or creates several minimal environmental standards such as setbacks from water sources, (iv) it codifies existing Department of Transportation rules on screening and fencing, and (v) it strengthens enforcement and collection efforts, most notably by allowing local officials to place a lien on the property itself following a court-authorized clean-up of the junkyard in violation.

At the hearing the Committee seemed somewhat split between Committee members who felt the bill may not go far enough and those who thought it went too far. The strongest opposition came from a tow lot owner that hosts cars for insurance companies after they have been “totaled.” The tow lot representative did not oppose the bill outright, only the possible inclusion of tow lots in its provisions. Both DEP and MMA supported the bill strongly.

Following the hearing, DEP assembled 5 amendments of a technical nature that addressed concerns raised at the hearing and two other amendments were accepted by the Committee. The first creates an express exemption for tow lots used by insurance companies to store “totaled” vehicles. Currently, there is only one such lot in the state. The exemption for these lots is limited to the extent that storage is only temporary (less than 180 days). This language mirrors the exemption for auto body shops.

Also, Senator John Martin (Aroostook Cty.) submitted an exemption to the hobbyist exemption. Senator Martin wanted the hobbyist’s exemption to be protected from further limitations by local ordinance. So, any

local junkyard ordinance may not limit the statutory exemption for “auto hobbyists” granted by the bill any further.

In the end, very few parties saw this bill as a perfect solution to the problems of unregulated junkyards. However, all seemed to agree that the bill will enable those municipalities that want to address the issue to do so much more effectively than they can now.

FORECLOSURE (cont'd)

charge. In most cases, the legislative body of the town has actually adopted a certain set of procedures to follow with respect to all tax-acquired property.

The municipalities clearly take offense with the allegations that they abuse their high responsibilities in this area of law. At the same time, property tax law has always required that a chronic delinquency resulting in foreclosure results in a conversion of the property to the public for disposition, and a forceful penalty to compel the prompt payment of property taxes is critical to an efficient collection process.

On Monday this week the Taxation Committee took the bills off the table and developed its recommendation to the Legislature. In order to focus the debate on just one bill, the Committee killed LD 251. With respect to LD 937, a majority of the Committee members present, by a 7:4 tally, voted “ought not to pass” on the legislation.

The minority report on the legislation will be to pass LD 937 as amended. The amended version would require a municipality to: (1) sell all tax acquired property to the highest bidder; and (2) return to the former owner of the tax-acquired property 75% of the difference between the proceeds of the sale of tax acquired property and the value of back taxes, interests and costs. These mandated procedures would apply to the foreclosure sale of owner-occupied residential property and would wipe out all the municipal ordinances or town meeting warrant articles that establish the voter-adopted tax lien foreclosure procedures and protocols. Of the Committee members

present at the work session, Representatives Harold Clough (Scarborough), Jon Courtney (Sanford), Arthur Lerman (Augusta) and Joe Perry (Bangor) voted to support this legislation.

Voting “ought not to pass” were Senators Richard Nass (York Cty.), Steve Stanley (Penobscot Cty.), and Ethan Strimling (Cumberland Cty.), and Representatives David Lemoine (Old Orchard Beach), Earl McCormick (West Gardiner), Barney McGowan

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Revenue Sharing

On Wednesday of this week, the State and Local Government Committee held a public hearing on LD 1448, *An Act To Clarify the Administration of State-municipal Revenue Sharing*. The bill, sponsored by Rep. Ray Pineau (Jay), would “clarify” that the State Treasurer is entitled to reimbursement for the non-salary cost of administering the Revenue Sharing Program.

Treasurer Dale McCormick supports the bill because it would codify the current practice of the Department to reimburse itself for non-salary administrative costs. According to McCormick, the non-salary costs of administering the Local Government Fund are approximately \$22,000 annually. McCormick alluded to the complexities of administrating the Revenue Sharing I and II components of the program as one of the reasons for the administrative costs, but it is still not entirely clear what non-salary activities constitute these expenses.

MMA shared with the Committee its concerns with the open-ended nature of the bill that flatly authorizes the shift of funds out of Revenue Sharing distribution. If administrative money is going to be subtracted from municipal revenue sharing, a clear explanation of those expenditures should be provided, if not a cap or limit on the amount of the property tax relief revenue that can be diverted to administration.

A work session on LD 1448 has been scheduled for Wednesday, April 16th.

LEGISLATIVE HEARINGS

Monday, April 14

Agriculture, Conservation & Forestry

Room 206, Cross State Office Building, 1:00 p.m.

Tel: 287-1312

LD 1531 – An Act To Amend Provisions of the Submerged Lands Law. (Sponsored by Rep. Dudley of Portland; additional cosponsor)

Appropriations & Financial Affairs

Room 228, Cross State Office Building, 1:00 p.m.

Tel: 287-1635

Supplemental Budget Bill (not yet numbered) – An Act to Make Additional Supplemental Appropriations and Allocations for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2003.

Tuesday, April 15

Inland Fisheries & Wildlife

Room 206, Cross State Office Building, 1:00 p.m.

Tel: 287-1338

LD 1255 – An Act To Permit Sebago Lake Mooring Extensions. (Emergency) (Sponsored by Rep. Cressey of Baldwin; additional cosponsors)

LD 1161 – An Act To Exempt Saltwater-only boats from the Lake and River Protection Sticker Requirements. (Sponsored by Rep. Kaelin of Winterport; additional cosponsors)

LD 1474 – An Act Concerning Public Boat Launch Sites. (Sponsored by Rep. McKee of Wayne; additional cosponsors)

LD 1503 – An Act To Limit the Size of Motorboat Engines Used on Paradise Pond. (After Deadline) (Sponsored by Rep. Earle of Damariscotta; additional cosponsor)

Judiciary

Room 438, State House, 1:00 p.m.

Tel: 287-1327

LD 1473 – An Act To Amend the Laws Governing Public Easements. (After Deadline) (Sponsored by Rep. McKee of Wayne; additional cosponsors)

Legal & Veterans Affairs

Room 436, State House, 2:00 p.m.

Tel: 287-1310

LD 426 – An Act To Preserve the Integrity of the Voting Process. (Sponsored by Rep. Thomas of Orono; additional cosponsors)

State & Local Government

Room 216, Cross State Office Building, 1:00 p.m.

Tel: 287-1330

LD 1332 – An Act To Recognize the Maine Rural Development Council. (Sponsored by Sen. Damon of Hancock County; additional cosponsor)

Taxation

Room 127, State House, 1:00 p.m.

Tel: 287-1552

LD 1372 – An Act To Enact the School Finance and Tax Reform Act of 2003. (Transmitted to the Clerk of the 121st Maine Legislature by the Secretary of State on February 19, 2003 and ordered printed) (Citizens' Initiative of Citizens To Reduce Local Property Taxes Statewide)

LD 1421 – An Act To Reduce Property Taxes. (Sponsored by Sen. Brennan of Cumberland; additional cosponsors)

LD 784 – Resolution, Proposing an Amendment to the Constitution of Maine To Allow the Legislature To Establish a Different Property

Tax Rate for Secondary Residential Property for Purposes of Education Funding and To Protect State Funding of Education. (Sponsored by Rep. McGowan of Pittsfield; additional cosponsors)

LD 1141 – An Act To Provide Property Tax Relief for Maine Residents and Business and Implement Comprehensive Tax Reform. (Sponsored by Rep. McGowan of Pittsfield; additional cosponsors)

LD 938 – Resolution, Proposing an Amendment to the Constitution of Maine To Change the Assessment of Lands Used for Long-term Ownership. (Sponsored by Rep. Percy of Phippsburg; additional cosponsors)

LD 951 – An Act To Establish the Maine Land Bank and Community Preservation Program. (Sponsored by Rep. Percy of Phippsburg; additional cosponsors)

LD 1299 – An Act To Fully Fund Local Education with Sales Tax Revenues. (Sponsored by Rep. Goodwin of Pembroke)

LD 1338 – An Act To Reform the Tax Laws. (Sponsored by Rep. Dunlap of Old Town)

LD 1394 – An Act To Modernize the State's Tax System. (Sponsored by Rep. Dudley of Portland; additional cosponsors)

LD 1395 – An Act for Comprehensive Reform of Maine's Tax Structure. (Sponsored by Rep. Mills of Cornville; additional cosponsors)

Thursday, April 17

Inland Fisheries & Wildlife

Room 206, Cross State Office Building, 1:00 p.m.

Tel: 287-1338

LD 1482 – An Act To Revise Certain Provisions of Maine's Fish and Wildlife Laws. (Emergency) (Sponsored by Rep. Dunlap of Old Town; additional cosponsors)

Labor

Room 220, Cross State Office Building, 9:00 a.m.

Tel: 287-1122

LD 561 – An Act To Improve Standards for Public Assistance to Employers in the State. (Sponsored by Rep. Hutton of Bowdoinham; additional cosponsors)

1:00 p.m.

LD 1501 – An Act To Amend the Laws Relating to the Maine State Retirement System. (Sponsored by Sen. Edmonds of Cumberland County; additional cosponsor)

Legal & Veterans Affairs

Room 436, State House, 11:00 a.m.

Tel: 287-1310

LD 1513 – An Act To Update the Department of Defense, Veterans and Emergency Management Laws. (Sponsored by Rep. Clark of Millinocket; additional cosponsor)

LD 1354 – An Act To Permit Video Gaming for Money Conducted by Nonprofit Organizations. (Sponsored by Rep. Thompson of China; additional cosponsors)

LD 1361 – An Act To Support Harness Horse Racing in Maine, Equine Agriculture in Maine, Maine Agricultural Fairs and the General Fund of the State. (Sponsored by Sen. Gagnon of Kennebec County; additional cosponsors)

Natural Resources

Room 437, State House, 9:00 a.m.

Tel: 287-4149

LD 1529 – An Act To Reclassify Certain Waters of the State.

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HEARINGS (cont'd)

(Sponsored by Rep. Colwell of Gardiner; additional cosponsors)

LD 632 – An Act to Establish a Process to Classify Water Bodies as Impaired. (Sponsored by Rep. McLaughlin of Cape Elizabeth; additional cosponsors)

2:00 p.m.

LD 1515 – An Act To Promote and Monitor Competition in the Solid Waste Industry. (Sponsored by Sen. Martin of Aroostook County; additional cosponsor)

Transportation

Room 126, State House, 9:00 a.m.

Tel: 287-4148

LD 1113 – An Act To Repeal the Billboard Law. (Sponsored by Rep. Goodwin of Pembroke; additional cosponsor)

LD 1428 – An Act To Allow Municipalities To Establish Areas within Which Engine Brakes Are Prohibited. (After Deadline) (Sponsored by Rep. Rogers of Brewer; additional cosponsors)

LD 1329 – Resolve, To Rename the Patty Hill Road in Medford the Clyde Hichborn Road. (Sponsored by Sen. Martin of Aroostook County; additional cosponsors)

LD 1392 – An Act To Reform Highway Reconstruction Project Cost-sharing. (Sponsored by Rep. Lerman of Augusta; additional cosponsors)

LD 1414 – An Act To Amend the Laws Regarding Storage of Sand and Salt and To Provide Funding for State and Municipal Storage Facilities. (Sponsored by Rep. Usher of Westbrook; additional cosponsor)

Utilities & Energy

Room 209, Cross State Office Building, 9:30 a.m.

Tel: 287-4143

LD 1201 – An Act To Require the Owner or Operator of a Casino To Improve or Replace Utilities and Infrastructure in the Vicinity of the Casino. (Sponsored by Rep. Collins of Wells; additional cosponsors)

LD 1359 – An Act To Establish the Locally Governed Water District Act. (Sponsored by Sen. Daggett of Kennebec County; additional cosponsors)

LD 1423 – An Act To Facilitate the Implementation, Maintenance and Operation of the E-9-1-1 Emergency System. (Sponsored by Rep. Bliss of South Portland; additional cosponsors)

Friday, April 18

State & Local Government

Room 216, Cross State Office Building, 9:00 a.m.

Tel: 287-1330

LD 1128 – An Act To Amend the Town Line between Yarmouth and Cumberland. (Sponsored by McKenney of Cumberland; additional cosponsors)

IN THE HOPPER

Business, Research & Economic Development

LD 1551 – An Act To License Home Building and Improvement Contractors. (Sponsored by Rep. Cowger of Hallowell; additional cosponsors)

This bill would create a comprehensive system to license home building contractors. The bill would establish the 7-member Maine Home Contractor Licensing Board in the Department of Professional Regulation. Board membership would include 2 public members, a municipal code enforcement officer, a home contractor, an engineer or architect, a representative of the state fire service and an insurance company representative. The Board would be responsible for overseeing the licensing of anyone engaged in the business of constructing houses or home improvement who receives more than \$1,400 a year from any one owner in a year. The bill would also establish the International Residential Code as the residential building code for the entire state and the Board would be responsible for enforcing the code statewide. The bill would prohibit the Board from shifting the costs of enforcement onto the municipalities but the Board could contract with municipal code officers to enforce the code. The statewide residential building code would preempt municipal building codes to the extent they are less stringent than the statewide code. Municipalities would be prohibited from issuing a building permit to a home building contractor unless the contractor showed proof of license or proof of exemption from licensing.

LD 1554 – An Act Regarding Eligibility under the Municipal Investment Trust Fund. (Sponsored by Sen. Bromley of Cumberland Cty.; additional cosponsors) (Governor's Bill)

Somewhere along the line, in a distortion of its original purpose, the Municipal Investment Trust Fund, (which has yet to be actualized even though it has existed on paper for 10 years and now has \$4.3 million in it) became just a loan program. This bill would allow "service center" communities to receive either grants or loans from the Fund.

Legal & Veterans Affairs

LD 1548 – An Act To Amend the Election Laws. (Sponsored by Rep. Clark of Millinocket; additional cosponsors)

This bill would make a number of changes to election law. Most pertinent to municipalities, this bill would (1) specify how ballots must be destroyed after their retention period; (2) clarify the process for adding names of new registrants to the voting list for election day; (3) add a reason for challenging ballots, which is currently found in another section of law, to the challenge section; (4) specify that the state-supplied tamper-proof containers and locks must only be used to secure state ballots and election materials and clarify the requirement that the clerk must provide a secure location for keeping ballots and voting equipment; (5) detail specific requirements for when a clerk must accept a written absentee ballot application, written request or telephone application; and (6) clarify the circumstances when a voter can be issued a 2nd absentee ballot, as well as directing the election officials as to which of these ballots must be processed and counted on election day.

Natural Resources

LD 1549 – An Act To Fund Municipal Collection of Household Hazardous Waste. (Reported by Rep. Koffman of Bar Harbor for the Joint Standing Committee on Natural Resources pursuant to Resolve 2001, chapter 93)

This bill would impose a fee of 20 cents per gallon of paint ("architectural coating") sold at retail and 20 cents per unit of pesticide sold at retail in the state. 90% of the collected revenue would be dedicated to the state's cost-share to municipalities for the operation of household hazardous waste collection and recycling programs. Up to 5% of the collected revenue would be used by the Department of Environmental Protection or State Planning Office to conduct education and outreach programs, and up to 5% would be used by the Department of Agriculture to support the pesticide use minimization goal established in statute.

TAX REFORM (cont'd)

LD 855 would import into Maine law just one of those 3 standards – to donate or render gratuitously a substantial portion of the institution’s services.

LD 1080, *An Act to Impose a Municipal Services Fee on Tax-exempt Property*, (sponsored by Rep. Ed Pellon or Machias) would address the same problem with the “service fee” solution, which would require tax exempt entities to pay their pro-rata share of the fire, police, water, wastewater, solid waste, road and traffic services that are actually provided. Two classes of institutions would be exempt: (1) those that receive 50% or more of their operating revenue from sources other than the beneficiaries, recipients, customers or patrons of the institution; and (2) those that spend 50% or more of their revenue to provide housing, food, clothing or other services to impoverished individuals or households.

Fred LaMontagne, Jr., Portland’s

Fire Chief, Waterville City Councilor Charles Kellenberger, Professor Delogue, a resident of Waterville who expounded both eloquently and passionately on the subject on unfair non-taxation, and MMA all testified in support of the legislation.

Separate hospital, nursing home, and nonprofit summer camp associations, Catholic Charities of Maine, Eastern Maine Health Care, and the Maine Turnpike Association testified in opposition to one or both of these bills. In addition to the common theme that the tax exempt institutions provide valuable services to the community that outweigh the value of the tax exemptions, the several opponents expressed concern that the standards that the two bills employ, if enacted into law, would be difficult to manage or could be adjusted by subsequent legislatures to further tighten the eligibility standards. The nursing home association said that at the present Medicaid reimbursement levels, nursing homes were simply unable to make

the service fee contributions although they were empathetic with the communities’ needs.

These proposals, or variations on the theme, have been brought before the Legislature dozens of times over the years, and perhaps it is a case of hope-springs-eternal, but Tax Committee members seemed more attuned to the problem and more focused on the solution than has been the case in the past. MMA and the hospital association were both asked for follow-up information, and the impression was given that it is an issue the Committee is willing to wrestle with.

FORECLOSURE (cont'd)

(Pittsfield) and Ed Suslovic (Portland).

It may be a couple of weeks before this divided report makes it to the floor of the House. Municipal officials should contact their legislators and ask them to support the “ought not to pass” report on LD 937.